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SUBJECT Wm. Colby, Sen. Leahy, S. Soghanalian/Future Arms Sales

ANNOUNCER: Now that the Gulf War is over, is the race to rearm back on? Will everyone want the latest high-tech weapons? Or will the arms merchants, the U.S. included, restrain themselves this time?

CHARLES BIERBAUER: Welcome to Newsmaker Saturday in Washington. I'm Charles Bierbauer. We'll ask the man reputed to be the world's largest private arms dealer, Sarkis Soghanalian, who joins us from Miami. And here in Washington, Senator Patrick Leahy, Democrat of Vermont, Chairman of the Foreign Operations Subcommittee of the Senate Appropriations Committee; and former CIA Director William Colby. All today on Newsmaker Saturday.

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ANNOUNCER: Which is it? On the one hand, the Gulf War has alerted the world to the problem of arms proliferation.

PRESIDENT BUSH: We must act to control the proliferation of weapons of mass destruction and the missiles used to deliver them.

ANNOUNCER: On the other hand, when it comes to arms, there are both eager buyers and willing sellers.

PRESIDENT BUSH: I have repeated my desire to try to curb proliferation. That doesn't mean we're going to refuse to sell anything to everybody. We're not going to cut off all weapons sales.

ANNOUNCER: The customers were already lining up at the arms bazaar even before the war had ended.

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SECRETARY OF DEFENSE RICHARD CHENEY: I would -- I think, certainly some caution is in order here. But I think our first concern ought to be to work with our friends and allies to see to it that they're secure.

I don't think an arms embargo, in and of itself, is necessarily a good thing, if it keeps the Egyptians or the Israelis or the Saudis from being adequately defended.

ANNOUNCER: The motives are both strategic and economic. For the U.S., with a shrinking defense budget, there is a desire to shift sales overseas. Hot items after the Gulf War? The Patriot missile, the planes that dominated the air war, the tanks that swept to victory.

It's not an exclusive market, but the Soviets will need a better advertising campaign for their weapons, which performed poorly in Iraqi hands.

There are legions of arms merchants, governmental and private, but real control of the arms bazaar rests with only a few.

PRIME MINISTER BRIAN MULRONEY: No one can fail to be struck by the irony of the fact that most of the hardware deployed in the Middle East was sold to the various factions by the five permanent members of the U.N. Security Council.

ANNOUNCER: Canada proposes an arms sale summit, but few are lining up at that tent.

BIERBAUER: Mr. Soghanalian, in Miami, let me start with you. Is it inevitable that the countries will rearm in the Middle East and that the arms dealers, private or governmental, will be eager to sell?

SARKIS SOGHANALIAN: Well, many private dealer will be eager to sell, but it will be foolish to get involved in any deal without U.S. Government or allied countries' involvement in his deal. Because the evidence is that a lot of people do a lot of crazy things, and shipping arms with no license or anything that, and they will be snapped, and it's crazy to make individual move.

BIERBAUER: But isn't it already happening, Senator?

SENATOR PATRICK LEAHY: Well, I think a lot of people do want to start lining up. But if we're going to have any time to get any kind of control on this, it's right now, not six months from now or a year from now. I think that we have a great opportunity -- we, the major arms-producing nations -- to start sitting down and say, "Look, we'll help work out legitimate security," but we won't do such things as was done with Iraq,

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where over a decade they had almost \$50 billion worth of arms sales into a country the size of Texas."

BIERBAUER: Saudi Arabia had almost as much, didn't it?

SENATOR LEAHY: No. Saudi Arabia had...

BIERBAUER: Forty-something?

SENATOR LEAHY: Yeah. They had, they had a lot less, but they also had too much. And the actual arms themselves did not protect Saudi Arabia. The U.S. and the allies coming in protected Saudi Arabia.

But if we arm them all up once again, who knows who's going to be in control of some of those countries, even Saudi Arabia, ten years, 15-20 years from now?

BIERBAUER: But what I'm wondering -- and let me ask Mr. Colby -- aren't we already seeing this and getting some kind of mixed signals? Even the President says, on the one hand, he doesn't want proliferation; on the other hand, he's not going to stop arms sales to certain areas. We've seen the Syrians already have gotten North Korean Scud missiles.

WILLIAM COLBY: Well, it's not an either-or proposition. I think you have to go at it in graduated steps. The first and most important are the weapons of mass destruction. Then you can identify certain kinds of weapons which are inherently offensive, as against others which are inherently defensive. Then you might be able to talk about total levels. And in the meantime, talk about an information center where all nations commit to inform this center, U.N. center, of what sales they make. That way you can get some facts on the thing and get the thing under relative control.

It then does depend upon agreement among the great powers. When we refused to sell the Saudis aircraft, the Saudis bought them from Britain. It was a big accomplishment for Britain in that. Now, question: This is an ally. Are you going to deprive an ally, or are you going to handle it in some reasonable fashion?

BIERBAUER: You make a distinction, Mr. Colby, between mass destruction and the conventional weapons. Is it easier, almost, to control the weapons of mass destruction?

COLBY: No. Chemicals are very hard to control, because you can make chemical weapons out of -- sort of in your backyard without too much trouble. The biological and nuclear are easier to control. We have a regime, a nonproliferation treaty, which we are hazarding at the moment because of our refusal to contem-

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plate a comprehensive test ban. And the other members of that treaty have warned us that in 1995 they may not extend that treaty if we insist on continuing test bans. Now, here's a thing that we can take an initiative, move ahead, or we can just let the thing go sour.

As the Senator says, now is the time to be bold, take some positive steps, lay out a strategy here, not expecting to achieve it next week, but at least a process which gradually reduces this problem.

BIERBAUER: Senator, is anybody laying out that strategy?

SENATOR LEAHY: Well, I think we have some models in the past. The major nuclear powers have at least worked informally together to try to limit those kind of items that could be used in nuclear weapons, especially in the Middle East. And as Mr. Colby says, it is one thing to look at a major weapon like that and work down to the lesser ones.

Don Oberdorfer had an excellent article in The Post this morning laying out, basically also what you were saying, that everybody's lining up, ready to buy.

I don't think it has to be that way. But the only way it's going to stop is if the major producers themselves say that if one of us withholds, the others will. Otherwise it simply becomes a case that the United States holds back, France or Great Britain go in; they hold back, we go in. And on and on. And what happens, we end up arming countries way beyond their needs, their legitimate needs, a fire eventually breaks out, and we have to be the fire brigade to put it out.

BIERBAUER: All right. I've got to put out a fire here. We've got to take a short break.

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BIERBAUER: Mr. Soghanalian, at the end of the last segment the Senator suggested one of the problems in the arms business: If Country A doesn't sell, Country B will. And on and on down the line.

Is it basically an amoral business?

SOGHANALIAN: Well, every business has its tactics, I think.

But you were asking earlier, I heard, about, you know, how to control the weapons system and all that, the sales to those countries. The biggest license-holder on those weapons is

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the United States. If U.S. puts a control on their licensed people, it's very easy to control it. And you will always find some amateurs to go in the street and try to do what they want to do. And those guys, they can be picked up very easily and be controlled very easily. It all depends how U.S. is going to act on it, how U.N. is going to act on it.

BIERBAUER: Well, you, sir, are no amateur. You know how the business works from the private side. Aren't there going to be people who have ways of circumventing even controls that might be instu -- instated, excuse me, by the major powers?

SOGHANALIAN: Yeah. You will always find a leak in the system, in the sales. But the right person [unintelligible] will not be able to get involved in it.

BIERBAUER: Let me ask you one other thing before I bring it back here. You have dealt with the Iraqis in the past. Can you see anyone that would be willing to deal with the Iraqis in the future?

SOGHANALIAN: Well, not with Saddam Hussein. But if Iraq established its relationship back with the United States or with allied forces, I think that will be -- they will come back to the market. But right now, anybody right in his mind, they wouldn't even approach or talk to anybody on arms sales.

And besides, Saddam was equipped to produce his own arsenal, 80 percent of his needs. So, therefore, I don't think they will need anything, if they're not destroyed yet.

BIERBAUER: Senator?

SENATOR LEAHY: Well, Saddam could produce a number of weapons, chemical and others. But there were a lot of things he still had to get from outside, in technology, in airplanes, especially airpower, which in the end turned out to be virtually useless to him.

My concern, though, on this is that we tend to be shortsighted, that we look at who's in power today and say, "Well, that's not a bad guy," or, "It's moderate. We can deal with him." The arms get shoveled in. Suddenly there's a coup and somebody else has all those arms. I mean Iran now has a lot of Iraq's air force.

BIERBAUER: A hundred and fifty planes, which they have now announced to the Iraqis they're not going to give back.

SENATOR LEAHY: And now we start saying, "Well, are these moderate Iranians that we can start dealing with?"

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Well, the Ayatollah took over the Shah of Iran's military, or a bunch of it, when he came in. Things change all the time.

And the United States can't by itself stop the arms sales. We can stop licensees in this country. We can do a lot. But unless the other countries join us, we are going to see within the next few years another major arms race, certainly a conventional arms race, in the Middle East, with results that none of us can predict. And it would be a lot easier to modify that, limit it, by the arms-producing nations so that we don't have to go back and have another Desert Storm five or ten years from now.

BIERBAUER: But don't you have the sense that President Bush and at least some in the Administration are already moving in those directions? They're looking at arms sales to Egypt. They're looking at arms sales to Saudi Arabia, Israel.

SENATOR LEAHY: Well, you get different views. I mean the Secretary of State seems to go one way, the Secretary of Defense another.

I can tell you, in my committee, I do not intend to move a foreign aid bill this year until I see clearly what is going to be the pattern of arms sales. But I'm also, at the same time, willing to work with the Administration to try to put some limitation. I think there are many in the Administration who would like to put such limitations. And they're right.

BIERBAUER: Mr. Colby, put yourself back in your old chair over at CIA and take a look at the balance that we have, postwar, and give us an explanation of what the motivations might be, given that Iraq has had its force heavily cut back, demolished in many areas. The Iranians, as we mentioned, now are the benefactors of another 150 planes. Hardly anyone else lost anything, with all the armaments that they had. And yet we are looking at additional sales to those countries who supported the coalition.

What's the rationale for that?

COLBY: Well, any nation is going to try to collect all the weapons it possibly can, in order to be more than safe. No general is wise to just count on having enough to get along. He's going to want to have overpowering force for his purposes. And that creates a desire in some of these threatened countries, where their relationships are bad all around the block, with the idea of protecting themselves.

And that's why I think it's important to go at it weapon-by-weapon, and not talk about arms sales. And the dollars

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aren't the real key. It's the character of the weapon. Because you can make a distinction between the offensive ones and the mass destruction, and pistols and rifles that are going to be around the world forever. There's nothing to do about those.

BIERBAUER: So it's okay to give them Patriot missiles to defend themselves, but you hold back on...

COLBY: Yeah. A Patriot missile is not going to hurt anybody, except unless you happen to be under it when it goes off. But it's a defensive weapon. You're not going to conquer another country with Patriot missiles.

But on the other hand, some of these other weapons are inherently offensive. There's no question about it. And those need to be -- heavy tanks, for example. We just made an agreement with the Soviets to reduce the tanks in Europe enormously, in order to get the confidence that we won't have to face those tanks. And I think that's the example to follow. Fix on the dangerous weapons, and then show a willingness to cut ourselves, too.

I'm reminded of Mrs. Indira Gandhi one time when she was asked to sign on the nonproliferation of nuclear weapons. And she said, "Don't you great powers give us lessons about nuclear weapons until you get your own arms race under control."

BIERBAUER: Gentlemen, we need to take another break.

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BIERBAUER: Mr. Soghanalian, let me come back to you. I heard you predict before the war that it would be a tough ground war and that high-technology weapons in the sands of the desert would break down. And that does not seem to have been the case.

Do you see a market out there where now everyone is going to be anxious, clamoring to get those high-tech weapons that worked so well?

SOGHANALIAN: Well, a high-tech weapon takes highly trained military personnel. And I'm positive that those countries that we are having them into consideration to use those weapons, they do not have those highly educated military personnel. So, therefore, you don't have to worry about having them with the, you know, that technical system.

BIERBAUER: But many of these weapons are the ones that the U.S. is anxious to distribute among its allies.

SOGHANALIAN: Well, it will take long training. And by then, I assume those weapons would be obsolete. The U.S. has so

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many weapons that they become obsolete before they even start to use them.

BIERBAUER: Let me bring the question back here, then.

Mr. Colby, you were mentioning that it's not the dollar figure, it's what the weapons do. The reason I ask is that one of the explanations that we get is that the U.S. defense budget is being cut back. Weapons assembly lines, the tank plants, the plane factories, are going to have to close down. And one of the motivations for selling these things is to keep those lines open.

So, isn't there a dollar bottom line here that is behind the idea of arms sales?

COLBY: Clearly, you get a lower unit cost for all of them if you make a lot of them. And there would be some people who see that as a net advantage to us, that we can buy the weapons for our forces at a cheaper price. That's true. It's a fact of life. But it doesn't answer the question as to whether we should be selling the weapons.

We have the machinery to control the amount of arms that we export abroad, and we can control it. As the Senator says, however, we've got to get this on an international basis: all of us get together and agree to limit the kinds, and perhaps even the volume, of these kinds of sales.

BIERBAUER: Well, I'm coming back to what was originally probably the first question of the show, which was this crosspurposes. We want for business purposes and we want for commercial reasons to keep things going. Is that a...

SENATOR LEAHY: First and foremost, we should ask ourselves, "What's in the national best interests of the United States? What enhances our security?" And it doesn't enhance our security just to make weapons cheaper by selling them to all these other countries, and then we have to go over there.

Keep in mind what happened here. We sent 500,000 very brave men and women from the United States over, spent over about a billion dollars a day during the air war. Is that ultimately in our national self-interest? And what is in our security interest? Not to arm every Third World nation in the world, and eventually have to step in as the world's policeman.

And I think we can make the argument to the other major arms producers, it's not in their national best interests, either.

Sell for legitimate defense purposes. Fine. Give training for legitimate defense purposes. Also fine. But don't

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make these various countries threats to their neighbors, threats where we have to come in and bet the referee.

BIERBAUER: Well, let's look at the prospects for that. The Canadian Prime Minister proposes this arms control summit. And the President, standing next to him, seems quite cool to the idea. One is hearing now that there may be more receptiveness privately than has been stated publicly.

What will the Soviets do? Will the Soviets fall in line?

SENATOR LEAHY: I don't think that you're going to see anybody jumping in for a well-publicized summit. But I think that there are a lot of the leaders, including President Bush, who feel that we should quietly at least start exploring it. That's the way to do it first: very quickly, quietly, individually try to explore the possibilities. If we think we can get an agreement, then if you want to make it into a summit, fine. But we have done these things informally before. We could do it again.

BIERBAUER: What about the Chinese, Mr. Colby?

COLBY: Well, the Chinese will be difficult, but I don't think they're a major problem on these kinds of weaponry. They provided a few missiles to the Iranians, the Silkworms and so forth, yes. But they aren't a high-tech function. And I think you might even get them to agree to a limitation on offensive type weapons.

BIERBAUER: Mr. Soghanalian, how about the Europeans, the French, the Germans?

SOGHANALIAN: The French and -- I mean Europeans will obey the allied rules. But it will be very hard to control Chinese because their weapon is cheaper, much more convenient to maneuver in Middle East, as far as maintenance is concerned. And part-wise, there's no control, and they can go around the end-user certificate system. It will be...

BIERBAUER: Mr. Soghanalian, we're going to run out of time.

I thank you very much for joining us....